



Arizona Utility
Investors Association

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May 21, 1998

Mr. Ray T. Williamson
Acting Director
Utilities Division
Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007

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Dear Ray:

DOCKET NO. A.E. 000000-94-0165

Yesterday afternoon at approximately 4:00 p.m. I received from a third party a copy of your letter dated May 19, 1998 addressed to "Dear Stakeholder in Retail Electric Competition" and a copy of the staff's seven-page position paper on the major issues involved in retail electric competition. The letter indicated that the staff's positions are similar to those expressed "in various stakeholder meetings over the past two weeks."

For the record, AUIA has not yet received this document from your office, nor were we notified of or invited to any "stakeholder meetings" in the past two weeks.

As you are well aware, the Arizona Utility Investors Association has been an intervenor in the Commission's competition docket since its inception. We have attended hundreds of hours of working group meetings and we also participated from beginning to end in three weeks of evidentiary hearings on stranded costs conducted by the Chief Hearing Officer in February.

With regard to those hearings, perhaps you can clear up something that is confusing me.

I have a staff position on stranded cost submitted by Paul Bullis as the sworn testimony of Dr. Kenneth Rose in the evidentiary hearings in February. It doesn't advocate divestiture. Now we have a staff position that virtually mandates divestiture. Did Mr. Bullis submit perjured testimony? What process produced this new position? How do we know when a staff position is real or just the *parlance du jour*?

In other words, what are the ground rules around here? The members of AUIA are also Arizona taxpayers. They have the right to expect an open and lawful process and not one where the decisions are hatched in secret meetings.

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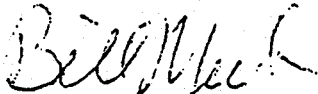
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Page 2, Williamson

Staff has produced an entirely new mutation of restructuring and your letter requires comments by noon tomorrow. That means we have about 36 hours in which to digest this plan, analyze its impact on utility investors (with no opportunity to seek explanation or clarification) and cobble together some kind of response. We'll do what we can.

In the meantime, while your plan freely assigns restructuring costs to utility investors, it seems clear that the Corporation Commission does not classify utility shareholders and bondholders as "stakeholders" in these issues. Instead, we have been cut out of whatever process has been under way. I want to assure you, however, that we will not go away.

Sincerely,



Bill Meek
President

cc: Commissioner Irvin
Commissioner Jennings ✓
Commissioner Kunasek
Jack Rose